

RESOLUTION 06-16

RESOLUTION APPROVING COMPENSATION COMMITTEE CHARTER

WHEREAS, the Board of Directors of the California Housing Finance Agency (the "Agency") desires to establish a Compensation Committee to advise the Board on matters related to the compensation of Agency employees, and

WHEREAS, the Chairman of the Board and the staff of the Agency have developed a proposed charter for the committee;

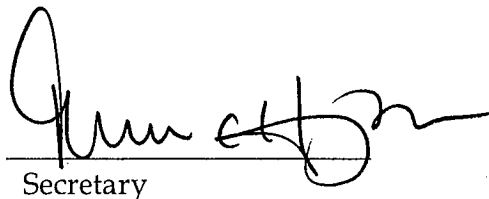
WHEREAS, the Board of Directors directs that any actions of the Board of Directors to set such compensation, as may be authorized by current or future law, should be taken by the full Board sitting in open, public setting,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The attached "Compensation Committee Charter-August 2006" is hereby adopted by the Board.

I hereby certify that this is a true and correct copy of Resolution 06-16 adopted at a duly constituted meeting of the Board of Directors of the Agency held on September 7, 2006, at Burbank, California.

ATTEST:

  
Secretary

**CALIFORNIA HOUSING FINANCE AGENCY  
COMPENSATION COMMITTEE CHARTER  
AUGUST, 2006**

**MISSION**

The Compensation Committee (the "Committee") is a committee of, and reports to, the Board of Directors of the California Housing Finance Agency (the "Board"). Through this Charter, the Board delegates certain responsibilities to assist the Board in fulfilling its oversight responsibilities in the compensation of key exempt management with the Agency. In performing its duties, the Committee will recommend to the Board compensation policies and procedures designed to attract and retain the best personnel to allow the Agency to achieve its goals and remain competitive in the marketplace.

**MEMBERSHIP**

The Committee will be comprised of no fewer than three voting members of the Board, to be selected by the Chair of the Board to serve on a rotational basis with staggered terms. The Committee Chair will be designated by the Board Chair.

**AUTHORITY**

The Committee is established by Board Resolution 06-16 and will act in an advisory capacity to the Board. Staff of the Agency will serve as a resource to Committee. In consultation with the Board Chairman and the Agency Executive Director, the Committee may direct the Agency to engage consultants and advisors to assist the Committee in the execution of its duties. The Committee has the authority to conduct any review appropriate to fulfilling its responsibilities. All employees of the Agency are directed to cooperate as requested by members of the Committee and the Committee will have complete access to Agency records and data.

**MEETINGS**

The Committee will meet as often as its members determine is necessary, but not less frequently than twice each calendar year. The committee will report its proceedings and recommendations to the full Board, at the first regular meeting of the Board following a Committee meeting. All meetings of the Committee shall be open public meetings subject to the same notice and agenda procedures as are regular meetings of the Board. Any personnel evaluations may be held in closed session to the extent permitted or required by the Bagley-Keene Act; provided, however, that discussions of compensation issues shall take place in open session.

## MINUTES

Minutes of each meeting will be prepared and sent to all members of the Board. The Committee minutes need not be verbatim. Minutes of the Committee will be presented to the Committee for review and approval at the next meeting of the Committee. Minutes of Committee meetings are public records unless exempted under the California Public Records Act or other applicable law.

## DUTIES

The Committee will conduct the following activities:

1. Make recommendations to the full Board to enable the Board to carry out its duties and functions under Health and Safety Code section 50909;
2. Periodically cause to be conducted salary surveys that will form the basis of the design of a compensation plan that will attract and retain senior executive personnel qualified to lead the Agency in its mission and maintain its competitive posture in the marketplace. Such surveys will be conducted by independent outside advisors based on a comparison of compensation plans and compensation levels of other state and local housing finance agencies, other comparable agencies of the State of California, non-profit housing agencies, for-profit institutions and other relevant labor pools;
3. Periodically review and evaluate, with the assistance of Agency management, staff and outside advisors, the structure and level of Agency compensation of those senior executives whose salaries are established by the Board pursuant to section 50909;
4. Annually review the performance of the Executive Director;
5. Based on the annual review of the Executive Director's performance and the results of the salary surveys conducted by independent outside advisors, make a recommendation to the Board for the compensation level of the Executive Director;
6. Annually review that portion of the Agency's budget containing the compensation of key exempt management and recommend to the Board approval or amendments to those compensation levels. The Committee's recommendation will be based on a review of performance evaluations completed by the Executive Director and the results of the salary surveys conducted by outside advisors;
7. Review and discuss management succession at least annually;
8. Review legal and regulatory matters that may have a material impact on the Agency's compensation philosophy, structure and plans.

#### OTHER COMMITTEE DUTIES

In addition to the duties outlined above, the Committee annually will also:

1. Conduct a review of its performance, including a review of its compliance with this Charter;
2. Review and assess the adequacy of this Charter taking into account all legislative, regulatory and contractual requirements applicable as well as any best practices, and, if appropriate, will recommend Charter amendments to the Board.